

A RESOLUTION

State Health Benefit Plan Employer Contribution Rates for Plan Year 2010; Directions Re: Use of State Employee OPEB Fund and School Personnel OPEB Fund Assets in Plan Year 2010

WHEREAS, the State Health Benefit Plan is comprised of three health insurance plans, each supported by its own fund: 1) a plan for State employees (O.C.G.A. § 45-18-2), which is funded in part by State departments and agencies and other entities authorized by law to contract with the Department of Community Health for inclusion, and in part by the employees and retirees of these entities, and two plans funded in part by the Department of Education, local school systems, libraries and RESAs, and their employees and retirees: 2) a plan for teachers (O.C.G.A. § 20-2-891) and 3) a plan for non-certificated public school employees (O.C.G.A. § 20-2-911); and

WHEREAS, current and future retiree health benefits provided through the plan for State employees may be paid with assets in the Georgia State Employees Post-employment Health Benefit Fund established by O.C.G.A. § 45-18-25(a) (the "State Employee OPEB Fund"); and

WHEREAS, current and future retiree health benefits provided through the plans for teachers and non-certificated public school employees may be paid with assets in the Georgia School Personnel Post-employment Health Benefit Fund established by O.C.G.A. § 20-2-875(a) (the "School Personnel OPEB Fund"); and

WHEREAS, certain assets in the State Employee OPEB Fund and the School Personnel OPEB Fund are currently invested in a special reserve account of long term investments through an interagency agreement with the Division of Investment Services of the Teachers Retirement System of Georgia and the Employees' Retirement System of Georgia; and

WHEREAS, O.C.G.A. § 45-18-25(c) provides that the Board of Community Health (the "Board") shall determine the time and amounts of distributions from the special reserve long term investment account of the State Employee OPEB Fund; and

WHEREAS, O.C.G.A. § 20-2-875(c) provides that the Board shall determine the time and amounts of distributions from the special reserve long term investment account of the School Personnel OPEB Fund; and

WHEREAS, the interagency agreement with the Division of Investment Services of the Teachers Retirement System of Georgia and the Employees' Retirement System of Georgia (the "Division of Investment Services") requires the Department of Community Health to authorize in writing the disbursement of assets from the special reserve account and the manner and purposes for the disbursement; and

WHEREAS, it is the intent of the Board that State Employee OPEB Fund assets be used to pay health benefits for current retirees enrolled in the health plan for State employees (O.C.G.A. § 45-18-2) in the 2010 Plan Year; and

WHEREAS, it is the intent of the Board that School Personnel OPEB Fund assets be used to pay health benefits for current retirees enrolled in the health plan for teachers (O.C.G.A. § 20-2-891) and the plan for non-certificated public school employees (O.C.G.A. § 20-2-911) in the 2010 Plan Year; and

WHEREAS O.C.G.A. §§ 45-18-14 and 31-5A-3(a) provides for the Board of Community Health and the Governor to establish the rate that each department, board and agency of the executive and judicial branches of state government shall contribute to the health insurance fund for State employees as their portion of the cost of benefits payable under that plan (the "State Employee Plan Employer Contribution Rate"); and

WHEREAS, effective July 1, 2009, the General Assembly approved a maximum State Employee Plan Employer Contribution Rate for 22.165% of payroll; and

WHEREAS, O.C.G.A. §§ 20-2-882 and 31-5A-3(a) provides for the Board and the Governor to establish the rate that each local school system, library, and RESA shall contribute to the health insurance fund for teachers as their portion of the cost of benefits payable under that plan (the "Teachers' Plan Employer Contribution Rate"); and

WHEREAS, the General Assembly approved a maximum Teachers' Plan Employer Contribution Rate for 18.534% of state-based salaries for local school systems and RESAs and 18.534% of total salaries for libraries; and

WHEREAS, O.C.G.A. §§ 20-2-920 and 31-5A-3(a) provide for the Board to establish the amount of contributions that must be paid by the Department of Education and local school systems to the health insurance fund for non-certificated public school employees (the "Non-Certificated Employee Plan Employer Contribution Rate"); and

WHEREAS, O.C.G.A. §§ 20-2-920 provides for the Board to calculate the Non-Certificated Employee Plan Employer Contribution Rate so as to ensure that the employee contribution rate is the same as it is for other health insurance plans offered by the Department of Community Health; and

WHEREAS, O.C.G.A. § 20-2-885 provides for the Board to allocate from the Department of Education appropriations to the teachers' fund, the amount that constitutes an employer contribution for the coverage of teachers who retired on or before January 1, 1979 (the "Pre-1979 Retired Teachers Contribution"); and

WHEREAS, the General Assembly has approved a maximum contribution from the Department of Education in the amount of \$82,216,077 and a per member per month rate of \$162.72 from local school boards; and

WHEREAS, O.C.G.A. §§ 45-18-12(b), 20-2-891(c), and 20-2-918(b) authorize the Commissioner to combine the State employee fund, the teachers' fund and the non-certificated employee funds; and

WHEREAS, after payment of retiree benefits with assets from the State Employee OPEB Fund and the School Personnel OPEB Fund, the above contributions, existing fund balances, and fund balances are sufficient to pay benefits expected to be payable under the three plans (together, the State Health Benefit Plan) during state fiscal year 2010;

NOW, THEREFORE, LET IT BE ORDERED THAT the Division of Investment Services and the Commissioner take all steps required to ensure that special reserve assets of the State Employee OPEB Fund, which are currently invested in long term investments, be made available for immediate disbursement for payment of retiree health benefit claims incurred under the health plan for State employees; and

NOW, THEREFORE, LET IT BE ORDERED THAT the Division of Investment Services and the Commissioner take all steps required to ensure that special reserve assets of the School Personnel OPEB Fund, which are currently invested in long term investments, be made available for immediate disbursement for payment of retiree health benefit claims incurred under the health plans for teachers and non-certificated public school employees; and

NOW, THEREFORE, LET IT BE ORDERED THAT the Commissioner take all reasonable and necessary steps to disburse assets of the State Employee OPEB Fund and the School Personnel OPEB Fund for payment of retiree health benefit claims; and

NOW, THEREFORE, LET IT BE ORDERED THAT the State Employee Plan Employer Contribution Rate shall be 17.977% of payroll for contributions made for August 2009 through November 2009.

NOW, THEREFORE, LET IT BE FURTHER ORDERED THAT the Teachers' Plan Employer Contribution Rate shall be 15.503% of state-based salaries for local school systems and RESAs and 15.503% of total salaries for libraries for contributions made for August 2009 through November 2009.

NOW, THEREFORE, LET IT BE FURTHER ORDERED THAT for fiscal year 2010, the Non-Certificated Employee Plan Employer Contribution Rate shall be \$45,672,623 less the Pre-1979 Retired Teachers Contribution, and a per member per month rate of \$162.72 from local school boards.

NOW, THEREFORE, LET IT BE FURTHER ORDERED THAT the Department of Education contribution of \$45,672,623 shall be paid in four equal installments, and the Pre-1979 Retired Teachers Contribution portion of that amount shall be allocated as a contribution to the teachers' fund.

Resolved this 13th day of August, 2009, in public session.



Richard L. Holmes
Chairman


Kim Gay
Secretary to Board